

SPRUNGER'S MINERALS
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August 13, 1999

cc M Wright
W Redkey
DOB
10-20-99
5/023/017

Lowell P. Braxton, Director
Division of Oil, Gas and Mining
PO Box 145801
Salt Lake City, UT 84114-5801

RE: Comments on DOGM's Transfer Form MR-TRS

Dear Mr. Braxton:

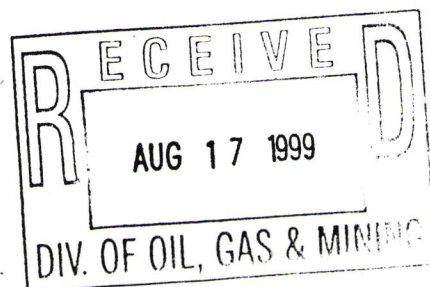
Tom Munson called today to tell us that DOGM has not yet received a completed Transfer Form from the buyer (UMFI) of our mining claim, Cubical 7. Tom further indicated that we, as sellers, are still "on the hook" for the reclamation obligation so long as DOGM does not receive this form. This presents at least two problems: Sellers cannot force buyers to submit the completed form; and, if buyers think sellers are responsible for reclamation as long as they don't submit the completed form, they probably won't submit it. Carrying this argument to the extreme, buyers could then work claims with accountability only on the seller.

As sellers, we completed the transferor's part of the Transfer Form and sent it certified to the buyer with a cover letter (enclosure 1) instructing the buyer to return the completed form to DOGM. That was June 14. We learned only now that the buyer has not submitted the form to you. It may never be submitted as there is evidently no penalty for inaction. Meanwhile, the buyer's surface disturbance is significant, and the BLM and Tom Munson are well aware that the buyer caused it all.

So it appears we may not be able to get a completed Transfer Form to DOGM. Are we therefore responsible for reclaiming the buyer's work? Clearly no, and we herein submit proof in the form of a letter from the buyer that the buyer (UMFI) agreed to the reclamation obligation as a condition of the purchase (enclosure 2). Also, UMFI was required to file a Notice of Operations with the BLM, Fillmore Office, and a copy of that Notice may well be in DOGM's files. Ron Teseneer of that same BLM office told us that UMFI would also be required to post a reclamation bond. And this would be for the same work which DOGM now says we are responsible because UMFI didn't complete the Transfer Form.

For the Transfer Form to be really meaningful, the seller should be required (within a time limit of the sale) to submit the transferor's part to DOGM, naming the transferee. DOGM should then forward the form to the transferee for completion (within a time limit). Penalties would then be imposed for late forms.

Enclosures



Sincerely,

Mike Sprunger

Sandra Sprunger

Mike Sprunger
Sandra Sprunger